ALABAMA COMMUNITY COLLEGE SYSTEM BOARD OF TRUSTEES
MINUTES OF THE MEETING HELD ON
WEDNESDAY, FEBRUARY 8, 2017, 10:02 A.M.

The Alabama Community College System Board of Trustees (also referred to herein as the Board) held a meeting at 10:02 a.m. on Wednesday, February 8, 2017, in the Board Room of the Alabama Community College System building in Montgomery, Alabama. The meeting was called in accordance with Act No. 2015-125.

PRESIDING: MR. AL THOMPSON
VICE PRESIDENT

The meeting was called to order by Mr. Thompson.

The Pledge of Allegiance followed the invocation by Rev. Larry Bryars, Lead Pastor of Frazer United Methodist Church.

On roll call, the following Board members were present:

> Mr. Al Thompson
> Mr. Ron Fantroy
> Mrs. Susan Foy
> Mr. Frank Caldwell
> Mrs. Crystal Brown
> Mr. Milton Davis
> Mr. Blake McAnally
> Mr. Chuck Smith
> Mrs. Mary Scott Hunter

Also present was Mr. Jimmy H. Baker, Acting Chancellor of the Alabama Community College System. Absent was Governor Robert Bentley.

APPROVAL OF AGENDA

On motion by Mr. Davis, second by Mrs. Brown, the agenda was approved unanimously without discussion as presented.

APPROVAL OF MINUTES

On a motion by Mrs. Brown, second by Mr. Caldwell, the Board voted unanimously to adopt the Minutes of the January 11, 2017 meeting as presented without discussion.

SECTION VI
PUBLIC COMMENT

There were no individuals registered to speak during the Public Comment portion of the meeting.

SECTION VII
(ACADEMIC AND STUDENT AFFAIRS, ADULT EDUCATION, FACILITIES, FISCAL,
INFORMATION TECHNOLOGY, AND WORKFORCE DEVELOPMENT)

ADOPTED

JOHN C. CALHOUN COMMUNITY COLLEGE
PURCHASE OF COMPUTERS, AUDIO/VIDEO AND SECURITY INFRASTRUCTURE

On motion by Mrs. Brown, second by Mr. Smith, the Board unanimously authorized John C. Calhoun Community College to purchase computers and technological infrastructure. This purchase must be completed no later than August 31, 2017, or this authorization will expire. Fiscal consideration: $1,305,634 – Current Unrestricted Fund (Technology Fees)

ENTERPRISE STATE COMMUNITY COLLEGE
IMPLEMENTATION OF FAA PREPARATORY TESTING FEE

On motion by Mr. Davis, second by Mr. McAnally, the Board unanimously authorized Enterprise State Community College to implement a $55 testing fee for FAA preparatory testing in the Aviation Maintenance Technology program. Fiscal consideration: $16.00 Savings Per Student for the Series of Three Tests

SECTION IX
(EXECUTIVE, LEGAL AND PUBLIC INFORMATION)

ADOPTED

ALABAMA COMMUNITY COLLEGE SYSTEM
PROFESSIONAL LEGAL LIABILITY INSURANCE

On motion by Mr. Smith, second by Mrs. Brown, the Board unanimously authorized the Acting Chancellor and his appropriate staff members to negotiate the terms of and obtain professional legal liability insurance within certain prescribed parameters and report such to the Board. The Board further authorized and directed each college and the Alabama Technology Network to purchase professional legal liability insurance under the policy recommended by the Acting Chancellor for the coverage period March 1, 2017, to March 1, 2018. Fiscal consideration: Maximum of $385,000 – Current Unrestricted Fund

SECTION X
PERSONNEL

Mr. Thompson asked Mr. Roger Bates to speak to the Board. Mr. Bates said on Monday afternoon, February 6, 2017, Chancellor Heinrich spoke with Governor Bentley. I have been asked to deliver to you his letter of retirement. It is occasioned by his health condition which is forecasted to take a considerable amount of time before he will see any improvement. Mr. Bates read Chancellor Heinrich's letter to the Board. Mr. Bates asked the Board if they would accept Chancellor Heinrich's notice of retirement.

Mr. Thompson thanked Mr. Bates for the assistance he had given Chancellor Heinrich and the Board. He said this is a sad thing to hear. Chancellor Heinrich shared with many that this was his dream job. This has not been easy for him. He wanted to see through so many of the things he started and the vision that he had for the System and State. Mr. Thompson asked Mr. Bates what does this set in motion. Mr. Bates says it sets in motion that your body needs to direct a posting, in accordance with Alabama law, to begin the search process. The posting has to remain up for thirty (30) days. You would be in position to fill the position of Chancellor any time after March 31. Mr. Thompson asked for a motion to accept Chancellor Heinrich's letter of retirement. On motion by Mr. Davis, second by Mr. Caldwell, the Board unanimously accepted Chancellor Mark Heinrich's letter of retirement. On motion by Mr. McAnally, second by Mr. Smith, the Board unanimously directed the System Office staff to post the vacancy of the position of Chancellor effective on the retirement of the Chancellor according to state law and board policy.

Mr. Thompson asked if there was anything else to add. Mr. Bates said Chancellor Heinrich asked that he express to the Board the Chancellor's appreciation for Jimmy Baker and his leadership during this interim period and how proud he is that we didn't just stop, we kept working and moving. Chancellor Heinrich also asked that a copy of his retirement letter be entered into

minutes of this meeting. Mr. Thompson said that we would have a copy of the letter entered into today's minutes.

January 17, 2017

Governor Bentley, President,
Mr. Al Thompson, Vice President,
Mr. Milton Davis, President Pro Tempore,
Board Members
135 South Union Street
Montgomery, Alabama 36130-2130

Dear Board of Trustees Members:

Let me begin by expressing my sincerest appreciation for your patience, understanding and support during my recuperation. Your cards, letters, emails, texts and most importantly your prayers meant more to me than I can express in words. Thank you!

At the end of June 2016, I developed the first of several recurrent bouts of shingles which resulted in serious nerve damage to my face, head and eye. In spite of more than 400 hours of intense medical treatment to date, a realistic timetable for my recovery remains unknown, a very disappointing prognosis.

I provide you with this very brief synopsis of my current medical condition to say that it's time for the Board to choose its next chancellor so the system can move forward. That said, the purpose of this letter is to give you notice of my intent to retire effective April 1, 2017.

In closing, I'd like to express my heartfelt apology for placing the Board and system in limbo for an extended period of time during my illness. I'd also like to say that I am extremely grateful for the Alabama Community College System Board of Trustees for whom I have immeasurable respect. Your vision, integrity and leadership is truly inspiring making our work together a sincere pleasure.

Thank you for allowing me to serve as your chancellor during the past four and one half years. It has truly been an honor. I retire knowing that our system and its future are in excellent hands. My best to all of you!

God Bless,

Mark A. Heinrich, Ph.D.
Chancellor
Alabama Community College System

Mrs. Hunter said she would like the record to reflect from the K-12 standpoint that we are very grateful to Dr. Heinrich. He was the hire of the previous Board and they are very proud of that hire. He has always done a tremendous job working with K-12 for the benefit of all our students as they go through their education from beginning to the end of community college. I am very grateful to him. On a personal note, I have a tremendous amount of respect for Dr. Heinrich and for his body of work. We do wish him well.

Mr. Thompson thanked Mrs. Hunter for her remarks. He hopes that there will be an opportunity to meet with Chancellor Heinrich one on one to honor him for his service to the State and System. I know this saddens us all. I am very appreciative that Acting Chancellor Baker has been here and been able to carry on. We certainly appreciated the support from the staff, Presidents and faculty. Our Board asks you for your continued support as we work through these next months.

Mr. Thompson said that he has appointed a Personnel Committee made up of Mr. Milton Davis as Chair, Mrs. Susan Foy and Mr. Blake McAnally. As soon as this committee can, he asked Mr. Davis that the Personnel Committee meet, confer and come back with recommendations for our Board. Mr. Thompson asked Mr. Bates, if the vacancy occurs and if Acting Chancellor Baker is still serving, does his title change to Interim Chancellor? Mr. Bates said it is a semantical issue that is related to whether or not a Chancellor is in the slot. If Mr. Baker is still here, his title would roll over into Interim Chancellor from Acting Chancellor. Mr. Davis mentioned that we have adopted a policy as well.

Mr. Baker introduced Mr. James Dupree – Director of Digital Media, Ms. Angela Giles – Private School Licensure Clerk, and Mr. Allen Wheeler – Staff and Logistical Support Assistant.

Mr. Baker stated that a list of members of the Presidential Advisory Search Committee for Shelton State Community College had been provided to the Board. (See attached) The process is underway and the committee has met on one occasion. I am pleased with the members of the committee. They have a very high interest in this and are very active in their communities and represent leadership in those communities. We are looking forward to the results of this search. In addition, we have opened the portal for comments from staff, students and others at Bishop State Community College. We are collecting names for Bishop State's Presidential Advisory Search Committee. We will have those members fairly quick.

Mr. Thompson said once again we appreciate the support of staff and all the Presidents as we go through these processes of search for the various institutions who have Interim Presidents at this time. It is very important for us to continue to strengthen the System and provide good leadership.

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SECTION XI
(CHANCELLOR'S REPORT)
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Mr. Baker said an update on J. F. Ingram State Technical College (Ingram State) and a schedule of attendance and enrollment was provided to the Board. He said that Annette Funderburk has volunteered her services as Interim President at Ingram State. Our goal is to meet with all employees and have an open table discussion. Susan Price and I have met with seven different groups of employees. Generally we have had 12 to 15 people in those meetings and have gotten good feedback. We spent our time primarily talking about what is it that we can do to improve what we are doing. More meetings are scheduled. Our mission is to assist those incarcerated to improve their education skills and in the same process, develop certification skills programs so that they can find a job and become productive once they leave prison. Over the last number of years, there seems to have been a move toward trying to make the education programs more restrictive. We are having to look at changing some of the process because we don't want to exclude people because they need support and remediation in order to score on a test at a level that they are deemed able to proceed through the program. We are trying to serve every student that we possibly can who is willing to be served. Within the last ten years or so, we have declined by as much as a 1,000 students and that is not adequate because at the same time the total population has been increasing. Admittedly, it has decreased some in the last couple of years but there is still plenty of work to be done. I want to make a special note that the employees have been unbelievably accepting and open to the discussions. They have contributed in a positive way in talking about what we can do. I have been super impressed with those employees and their commitment to the tasks they are assigned. We have been meeting with Corrections and I will be meeting this afternoon with Corrections, Mental Health and Medicaid, along with President Pro Tem of the Senate, to discuss this whole process. We have been working with them and the Wardens to open up better communications.

Mrs. Hunter said that she thought the Parole Board would be interested. Mr. Baker said that we are working with them. Mr. Baker said we have people in the System at Ingram who generally can place them in employed positions. Our job should be to try to get people out and productive and that is what we are trying to do.

Mrs. Hunter said that some years ago the State Board of Education had a presentation on career fields that are receptive to people with a conviction history. There are some programs that do particularly well for training because that career field, truck driving for instance, is not closed to people with a conviction history as some others are. Truck driving is not considered to be a women's career field. Why can't that training be done at Tutwiler for the women? She said that this is just input.

Mr. McAnally asked do we find that most of the students there are career tech oriented and less academic degree track? Mr. Baker said that is generally the case, not always. There are some

opportunities to pursue academics as well and we provide that. In many instances, even though they would like to pursue academics, they need to have a skills program so when they are out they have a way to make a living. That is a big issue.

Mr. Baker asked Dr. Rothamer to introduce the next speaker. Dr. Rothamer introduced Ms. Liz Murphy, CEO of CampusWorks, to give an overview of their assessment. Ms. Murphy said this is a high level overview of the two reports before you – Business Performance Optimization Roadmap and ERP Strategy Alignment and Risk Assessment (Ellucian's Banner – Alliant's CampusKey). She expressed her appreciation to the presidents and the colleges for their outstanding participation. She said we had 379 college participants who were scheduled to participate in 30 different listening sessions which were conducted regionally, 135 members of the IT staffs of the colleges and System office participated in an online IT skills assessment, 9 presidents participated in an added activity which was a focus teleconference just to address feedback from the presidents, 15 one-on-one IT interviews, 24 separate IT sessions that included another 44 individuals from IT once we got the online survey information back. This is a powerfully engaging process and everybody was looking for an opportunity to give voice. What we covered was everything from a System Office IT assessment to a review of discovery documents, etc., an IT skills survey and analysis, and an organizational assessment as it relates to technology. Starting with the Business Performance Optimization Roadmap, the key things to the findings are the development of a System IT governance structure, an IT strategy and strategic plan for the System relative to technology, ongoing talent management and shared services, and a recommendation for a transformational executive IT leader.

The ERP (Enterprise Resource Planning) Strategy Alignment and Risk Assessment report addresses the two administrative software programs that are in use – Banner and CampusKey. The first system, CampusKey, is provided by Alliant Data Systems, Inc., and the second system, Banner, is provided by Ellucian, Inc. Our question is alignment with the ACCS goals, mission and what you are trying to accomplish. The team identified 14 ERP alignment criteria – business alignment to long term sustainability and then they looked at four options. Those options were migrating all ACCS colleges to CampusKey, migrating all ACCS colleges to Banner, the environment you are currently living in which is a bifurcated environment where some institutions have CampusKey and some have Banner, or all colleges moving to a software service or cloud-based environment or Software as a Service (SaaS). Our very experienced team weighted the criteria and your current environment is the least desirable environment in terms of this assessment. The next lowest is Banner in its current form. Ellucian does offer a cloud solution. A couple of institutions moved from Banner to CampusKey due to costs. CampusKey is slightly ahead of the Banner solution. It was primarily built for Alabama and its cost is incredibly reasonable. That level of cost is unlikely to continue with another product. We looked in general at cloud solutions. So much of the administration of the system when you go to the cloud is handled by the vendor. It does not make your IT teams obsolete. It changes the kind of talent needed in IT to support the other parts of the business. The other thing we looked at is risk in general. We used a fishbone diagram to look at risk assessment relative to the ERP. The fishbone diagram is designed to talk about the overall risks in whatever decision relative to ERP strategies. It was created so that conversations could happen at a higher level. It is a higher level decision about sustainability, financial and human capital (resourcing) and your ability to move. We are trying to give you a view of what it will take to move.

Mr. McAnally said you mentioned the risk analysis that there was a certain level of subjectivity. Is that with respect to those you interviewed or is the subjectively from your perspective? Ms. Murphy said we thought we needed to say that we had a very strong team working on this project but on any given day different people bring different opinions to the table. I think the way the reports should be considered is directionally. If you can get comfortable with a single decision or two, then we would have another conversation about what is the next thing you should do. We have made some recommendations in the report. Mr. McAnally said when you look at software as a cloud-based environment, it is my understanding that we have people doing programming on campuses today to try to get reports out. It is model-focused to that campus and we are not benefiting from that across other institutions. All those things we are having to do or engaging consultants to do at pretty high costs. It's your opinion that a cloud-based environment type software would handle those things remotely that we would not have to engage staff to do those

types of things. Ms. Murphy said when you move to a truly cloud environment you use the same version of the software as the University of Alabama and the way you configure the software is different. So the codes you use and how you interact with that software is different. It is the same software. The joy and the pain for some of moving to a cloud environment is the inability to customize that software. In 2017, it is a very rare situation where software customization is required. Where programing is almost always required is for reporting. When you move to a cloud environment what will be necessary is that you standardize your business processes. That will be critical. Otherwise there is no need to move and all the benefits of going to cloud get diminished. It is simpler to move finance and human resources to the cloud. There is usually not as much gnashing of teeth when that happens. When you start to talk about the student system in the cloud that is where we want to do it in a particular way. There is a way to create the business process. If the process is standardized and the personality of the institution comes through in the way you deliver that process. From a financial standpoint you have an opportunity to stabilize your operating costs. You have a speed bump to get over. Because when you go through any change like this, you have much more need than you likely can fund right this minute. You will have to find funding to get over that speed bump and then things will level out at a new level that will either allow you to sustain where you are now from a financial standpoint not as the costs continue to go up or you will be able to lower those costs somewhat and it depends on the decisions you make how that is able to happen. That becomes where that intestinal fortitude really kicks in.

Mr. Fantroy asked how difficult do you find it to be to migrate the existing systems into a new system were we to do that or were we to be successfully able to do that? How difficult it is to migrate the existing systems at the institutions into a new system and what kind of costs are you looking at? Are the costs prohibitive in other words? Ms. Murphy said you need to know your budget. Let me make a couple of assumptions before I answer your question. I think that you would have one system the same for everyone. Would you be going into a cloud-based solution? Migrating is something we have all gotten good at and yet it is still very painful. Because what it takes is and because of the way you are organized, every college would have to go through it. They will have to go through a conversion of their existing data into whatever the new system is. Prior to that conversion, you would need to go through business process redesign and also make some decisions about shared services. Back to your question about how long it will take, when I talked about two and half to three years I was talking about moving at a pretty good clip. So when you redesign the business process and you go through a shared services assessment which says what it is we are going to share and what are those business processes look like. That becomes a roadmap for your vendor of choice in terms of how to configure your system for you and the data will come out of the college system and migrate into the new system. From a cost perspective, there is quite a bit of variability. It depends on the kind of system and the needs that you have. What we recommended in the report is that if you decide you want to look at alternatives in the cloud environment. Why are you assuming the cloud? Ms. Murphy said it doesn't make sense today to make this level of investment that you are considering and not go to the cloud because that is where it is all going. To do something interim just means you will have to change in the future. I have suggested that you go through a request for information where the companies that provide these powerful solutions have a very open way to share with you what their solutions are. I don't think it is worth your time and energy to go through a rigorous requirements development process and a standard RFP. I am not saying that you don't want a competitive procurement process. I am saying it takes a quite a bit of energy, time, and money to create a detailed RFP built on requirements and your folks haven't seen anything new in a very long time. I think they will learn more from seeing what these companies have to offer, and providing input and going through an evaluation process. You can take the money you would have spent on a costly RFP process and put it in the services to go into implementation going forward. That said you are in the tens of millions of dollars. It will be a significant investment for you to make to make the adjustment. Mrs. Hunter said that is how you run a Fortune 500 company that is how you run a business.

Ms. Murphy said the number one reason why ERP implementations never reach their full potential is because organizations try to shortcut the front end piece of it – the business process redesign, the planning, getting on the same page. When you do that, what you end up doing is recreating the system you had in a brand new more costly system. If this is not the time we have

some suggestions for a short term wait till you are ready. You are at some risk. You need to think about timing. It will take you a few years to bring everyone on to a new system.

Mr. McAnally asked would there be any reason not to engage in the business process redesign now in anticipation of moving forward? This is something that we recognize that we need to do. And it may go as far as creating policy to ensure that it takes place. Also, the shared services assessment, should we go ahead and try to understand what it is we are going to share? Ms. Murphy agreed that both should be done. He said that we had gone through a very extension RFP process five years ago. Options have increased significantly from five years ago for the type of system, software and environment available. Ms. Murphy said your requirements would have to be significantly overhauled. Mr. McAnally said we are bound by state bid law. Ms. Murphy suggested that you should have some kind of competitive response vehicle and then a process where you would see products. She wondered if you need sixty pages of requirements that typically go with that or if there is another way you configure that. Mr. McAnally said are you saying qualifications based selection then a negotiations? She said yes. You can't cut out the process. Building those requirements, I am concerned about the time you invest in that. I am more concerned about the money you spend which I don't think it will move the ball forward any more. Mr. McAnally agreed with her.

Mr. Baker said it will take some real work to become the system that we want to be over the course of the next three years. We have set a Presidents' meeting for March 6 to talk about Workforce and how we are will implement it across the board. We haven't had some of the common elements of a well-run organization. I think it is in our best interests as a community college system to look at the return on investment. The return is providing the best program we possibly can provide for our students. As we move forward, we are going to involve every president, every business manager, IT and right on down the list. Everyone has some need for an effective system and we need to collectively do the best job we can to go about the process of implementing a common system. A lot of where we are and why where we are was that the leadership did not come from this building that was needed to say let us all get together and go forward with a common mission and a common way of reaching the goals. We want to do, we must do and we need to do it. Another aspect, one of the issues we have, obviously is one that some of our trustees have been looking and working on, is compensation. You heard me say this before. If you are you waiting on the Legislature to bless us with a huge amount of money to change the compensation schedule, then you are just waiting. If you think an occasional pay increase is going to cure that problem, we again are just waiting. We must find the means within our system to be as efficient as we can so that we can do the kind of things we need to do to take care of our employees. When we do so, they can do a much better job of helping the system take care of the students. I want all of the system employees to focus on what can we do and how can we contribute to making decisions to move forward in a way that makes this system what it can be and must be. I am going to ask that the Trustees participate in some of these committee meetings and work sessions. I think it will be invaluable in the end to hear from the people who are out there on a daily basis providing services.

Mr. Thompson thanked Ms. Murphy for her presentation. He asked if there were any other comments from the Board members.

Mr. McAnally said Mr. Baker has said this but I want to add this. We have been where we are for a long time. I recognize that from a Board we are pushing a lot of change and we know that. I have been a part of acquisitions and changing out software and accounting software, it is never easy. Mr. Fantroy asked the question that has gone through his mind because I lived that change over and tried to integrate twenty years of data into a new system. It is tough to do, but we have certain inefficiencies and we are decentralized and we are not functioning as a system. That is something that we as a Board saw within our first month here. To begin to try to move in that direction, this is one of the things we absolutely have to do. I think the Audit and Finance Committee presented this about a year ago. We actually have hired staff and asked them to shepherd the systems that we have, all the while making plans to accomplish new solutions. It is really an impossibility of what we have asked our current staff and not fair. Fortune 500 companies operate in certain ways. We are almost a billion dollar annual organization that frankly functions like 25 or 26 small groups. That is why we commissioned this study. That is

why we really wanted to know where we are and are we thinking correctly. I feel like we are headed down the right path. I am thankful for the study and what has been done and for the information. It is going to be tough. It will be tough on everybody. Do we not want to be a better system that functions as a system? If we accomplish anything as a board that would be one of the greatest things I think we could accomplish. Mr. Baker said we want to be looking at what the system should be in 2020 or 2021, not today. It will take a lot of work, a lot of cooperation, a lot of discussing things, probably occasionally an unpleasant time when you have to look at what you are doing and decide we do have to think about this. We all have those moments. I think collectively we have the ability to move this system forward.

Mr. Thompson thanked Dr. Larry Bryars of Frazer United Methodist Church for the very encouraging devotional he gave this morning and said he thought it was good timing. Mrs. Hunter said she would be out of the country next month. She will be in Singapore and Vietnam doing some work with Alabama's Executive MBA.

SECTION XII
(DATE AND LOCATION OF NEXT MEETING)

The next Board meeting will be held in Montgomery at 10:00 a.m. on Wednesday, March 15, 2017, in the Board Room of the Alabama Community College System building in Montgomery, Alabama. A work session will follow at 1:00 p.m. in the Presidents Conference Room.

ADJOURNMENT

On a motion by Mr. Davis, second by Mr. Smith, the Board meeting was adjourned at 11:45 a.m.

_____
Vice President

_____
Acting Chancellor

Shelton State Community College
Presidential Advisory Search Committee Members

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